

Journal of Accounting Research Data Policy  
Data Description Sheet to  
**Opening up the ‘Black Box’ of Audit Firms: The Effects of Audit Partner  
Ownership on Audit Adjustments**

Co-authored by Clive Lennox, Chunfei Wang, and Xi Wu

**Item 1**

Clive Lennox discussed the research design and the estimation of the models at each stage of the empirical analysis.

Chunfei Wang and Xi Wu collected the proprietary data on the identity of engagement quality (EQ) reviewers and audit office information. They also conducted the surveys of senior audit partners.

Xi Wu collected the proprietary data on equity ownership and other individual characteristics of audit partners and audit adjustments, collected publicly available data on other financial and accounting variables, wrote the Stata code to convert raw data to the final dataset, and wrote the Stata code to conduct the empirical analyses.

**Item 2**

Data sources. The study uses both proprietary data (on equity ownership and other individual characteristics of audit partners, audit adjustments, and the identity of engagement quality (EQ) reviewers) and publicly available data (other financial and accounting variables).

- The data on equity ownership and other individual characteristics of audit partners and audit adjustments are proprietary data, obtained from the Chinese Ministry of Finance (MOF). Chinese audit firms are required to report basic information of the firm (including a list of the partner ownership), demographic and professional characteristics of practicing auditors, and the pre-audit and audited values of pre-tax earnings and total assets of their listed clients to the MOF. Based on a formal data usage agreement (in Chinese language) signed by Xi Wu and the MOF, access to these data items has been granted to Xi Wu for academic research with co-authors. An electronic copy of the data usage agreement, along with more detailed descriptions of the proprietary data, were filed with the JAR editor upon the initial submission.
- The data on the identity of EQ reviewers is proprietary data, obtained from the China Securities Regulatory Commission (CSRC). Based on a formal confidentiality agreement (in Chinese language) signed by Chunfei Wang, Xi Wu and the CSRC, access to this data item has been granted to Chunfei Wang and Xi Wu for academic research with co-authors. An electronic copy of the confidentiality agreement, along with a more detailed description of this proprietary data, was filed with the JAR editor upon the initial submission.

- Other publicly available financial and accounting data were downloaded from the Chinese Stock Market and Accounting Research (CSMAR) database, which is widely used in China research. Like COMPUSTAT/CRSP in the US, CSMAR provides financial and accounting data for publicly traded companies in China.

### **Item 3**

For the proprietary data items used in the study, the authors have provided the JAR editors with contact information for the MOF and CSRC representatives who can confirm that these data were supplied to the authors.

The authors have also provided JAR editors with electronic copies of the data usage agreements upon the initial submission.

### **Item 4**

The steps necessary to process the data used in the final tabulated and untabulated analyses reported are described in the paper (Section 3.1 Sample).

### **Item 5**

We use a Stata program along with manual checks to convert the raw data into the final dataset. We have provided the Stata code along with a description of the code. We have provided a list of company identifiers (company code [code], fiscal year [yr]) for the final sample of 4,730 observations.

### **Item 6**

The authors assure that the data and program used in the study will be maintained for at least six years.